

## INVENTORIES

**§ 46.201 General.**

(a) *Date.* The dealer must take an inventory to establish the quantities of articles subject to the floor stocks tax held for sale on April 1, 2009. The dealer must take the physical inventory or record (book) inventory not earlier than March 26, 2009 and not later than April 10, 2009.

(b) *Reconciliation.* If the dealer takes a physical inventory on any day other than April 1, 2009, the resulting records must be reconciled to reflect the actual quantity of articles held at 12:01 a.m. on April 1, 2009. These records must include all supporting records of receipt and disposition.

(c) *Method.* The dealer may take a physical inventory in accordance with § 46.202 or a record (book) inventory in accordance with § 46.203. The following table lists the taxable articles and the method to use for each to determine quantities:

Article	Inventory method
Small cigarettes .....	Count the number of cigarettes.
Large cigarettes 6½" or less in length.	Count the number of large cigarettes.
Large cigarettes more than 6½" in length.	Keep a separate count for each size of large cigarette. Count each 2¾", or fraction thereof, as one small cigarette.
Small Cigars .....	Count the number of small cigars.
Snuff .....	Count the number of packages at each weight, noting the weight in pounds and ounces. Convert the ounces to pounds.
Chewing tobacco ...	Count the number of packages at each weight, noting the weight in pounds and ounces. Convert the ounces to pounds.
Pipe tobacco .....	Count the number of packages at each weight, noting the weight in pounds and ounces. Convert the ounces to pounds.
Roll-your-own tobacco.	Count the number of packages at each weight, noting the weight in pounds and ounces. Convert the ounces to pounds.
Cigarette papers 6½" or less in length.	Count the number of cigarette papers, divide by 50, and round up if there is any remainder.
Cigarette papers more than 6½" in length.	Count the number for each size of cigarette paper. Count each 2¾", or fraction thereof, as new cigarette paper. Divide adjusted total by 50 and round up if there is any remainder.
Cigarette tubes 6½" or less in length.	Count the number of cigarette tubes, divide by 50, and round up if there is any remainder.

Article	Inventory method
Cigarette tubes more than 6½" in length.	Count the number for each size of cigarette tube. Count each 2¾", or fraction thereof, as one cigarette tube. Divide adjusted total by 50 and round up if there is any remainder.

**§ 46.202 Physical inventory requirements.**

The dealer's physical inventory must result in a written record of:

(a) The quantity and type of each article subject to floor stocks tax recorded in sufficient detail to determine the tax rate as stated in § 46.222. See the table in § 46.201(c) for the information required for each type of article;

(b) The date and time the inventory was taken;

(c) The name of the individual(s) conducting the inventory and the name of the dealer for whom the inventory was taken; and

(d) The location where the inventory was taken (street address, city and State).

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**§ 46.203 Record (book) inventory requirements.**

(a) The dealer may use a record (book) inventory if the dealer has source records that show:

(1) The quantities of receipts and dispositions of all articles subject to floor stocks tax;

(2) The types and quantities of articles actually on hand as if a physical inventory had taken place on April 1, 2009. See the table in § 46.201(c) for the information required for each type of article;

(3) The name and address of the consignor and consignee. For over the counter sales by retail dealers, the consignee name and address is not required;

(4) The date of receipt or disposition of the articles; and

(5) The brand name of each product.

(b) If the dealer does not take the inventory as of the close of business on the last business day before April 1, 2009, the records must be reconciled as provided in § 46.201(b).

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